

Take Home Vehicles

This excerpt can be found at www.irs.gov (Publication 15-B) and should be followed when determining Take Home Vehicles.

1) Is this vehicle considered a Fringe Benefit?

- a. A vehicle is considered a Fringe Benefit if a designated employee is permitted to take the vehicle home in excess of the De Minimis Transportation Benefit.
- b. The De Minimis Transportation Benefit is any transportation benefit you provide to an employee if it has so little value that accounting for it would be unreasonable or administratively impractical.

If NO, then stop.

If YES, then continue with #2.

2) Is this Vehicle/Employee exempt from the IRS Imputed Income Tax?

- a. Any vehicle considered a fringe benefit is taxable and must be included in the employee's pay unless it meets the criteria for both a Working Condition Benefit and a Nonpersonal-Use Vehicle.
- b. A Working Condition Benefit exclusion applies to vehicles a State Agency provides to an employee so that the employee can perform his or her job. It applies to the extent the employee could deduct the cost of the property or services as a business expense or depreciation expense if he or she had paid for it. The employee must meet any substantiation requirements that apply to the deduction.
 - i. The exclusion does not apply if the employee could deduct its cost as an expense for a trade or business other than his or her state business.
- c. Nonpersonal-Use Vehicle is a vehicle the employee is not likely to use more than minimally for personal purposes because of its design. Qualified nonpersonal-use vehicles generally include all of the following vehicles:
 - a) Clearly marked police and fire vehicles
 - b) Unmarked vehicles used by law enforcement officers if the use is officially authorized.
 - c) An ambulance or hearse used for its specific purpose.
 - d) Any vehicle designed to carry cargo with a loaded gross vehicle weight over 14,000 pounds.
 - e) Delivery trucks with seating for the driver only, or the driver plus a folding jump seat.
 - f) A passenger bus with a capacity of at least 20 passengers used for its specific purpose.
 - g) School buses.

- h) Tractors and other special-purpose farm vehicles.
- ii. **Pickup Trucks.** A pickup truck with a loaded gross vehicle weight of 14,000 pounds or less is a qualified nonpersonal-use vehicle if it has been specially modified so it is not likely to be used more than minimally for personal purposes. For example, a pickup truck qualifies if it is clearly marked with permanently affixed decals, special painting, or other advertising associated with the State of Utah and if it meets either of the following requirements:
 - a) It is equipped with at least one of the following items.
 - a. A hydraulic lift gate.
 - b. Permanent tanks or drums.
 - c. Permanent side boards or panels that materially raise the level of the sides of the truck bed.
 - d. Other heavy equipment (such as an electric generator, welder, boom, or crane used to tow automobiles and other vehicles).
 - b) It is used primarily to transport a particular type of load (other than over the public highways) in a construction, manufacturing, processing, farming, mining, drilling, timbering, or other similar operation for which it was specially designed or significantly modified.
- iii. **Vans.** A van with a loaded gross vehicle weight of 14,000 pounds or less is a qualified nonpersonal-use vehicle if it has been specially modified so it is not likely to be used more than minimally for personal purposes. For example, a van qualifies if it is clearly marked with permanently affixed decals, special painting, or other advertising associated with the State of Utah and has a seat for the driver only (or the driver and one other person) and either or the following items:
 - a) Permanent shelving that fills most of the cargo area.
 - b) An open cargo area and the van always carries merchandise, material, or equipment used for the business function.

If YES, then the vehicle meets the criteria for both the Working Condition Benefit and the Nonpersonal-Use Rule and no filing for the Imputed Income Tax is necessary.

If NO, then continue with #3.

3) Which rule will be used to determine the value of the Fringe Benefit Vehicle?

(Each Agency must determine the value of any Fringe Benefit Vehicle that cannot be excluded as described in the above rules.)

- a. **Cents-Per-Mile Rule.** Under this rule, the agency determines the value of a vehicle provided to an employee for personal use by multiplying the standard mileage rate by the total miles the employee drives the vehicle

for personal purposes. Personal use is any use of the vehicle other than use for state business. This amount must be included in the employee's wages or reimbursed by the employee.

- b. **Commuting Rule.** Under this rule, you determine the value of a vehicle you provide to an employee for commuting use by multiplying each one-way commute (that is, from home to work or from work to home) by \$1.50. If more than one employee commutes in the vehicle, this value applies to each employee. This amount must be included in the employee's wages or reimbursed by the employee. You can use the commuting rule if all the following requirements are met:
- i. The vehicle is provided to an employee for State business and, for bona fide noncompensatory business reasons, the employee is required to commute in the vehicle.
 - ii. A written policy is established under which the employee is not allowed to use the vehicle for personal purposes other than for commuting or de minimis personal use (such as a stop for a personal errand on the way between a business delivery and the employee's home). Personal use of a vehicle is all use that is not for State business.
 - iii. The employee does not use the vehicle for personal purposes other than commuting and de minimis personal use.
 - iv. If this vehicle is an automobile (any four-wheeled vehicle, such as a car, pickup truck, or van), the employee who uses it for commuting is not a control employee. A control employee for a government employer for 2005 is either of the following:
 - a) A government employee whose compensation is equal to or exceeds Federal Government Executive Level V.
 - b) An elected official.
- c. **Lease Value Rule.** Under this rule, you determine the value of the automobile provided to an employee by using its annual lease value. For an automobile provided only part of the year, use either its prorated annual lease value or its daily lease value. If the automobile is used by the employee for State business, you generally reduce the lease value by the amount that is excluded from the employee's wages as a working condition benefit.
- NOTE: Typically, the State of Utah does not file under this rule. Use the Cents per Mile Rule instead.*